

Division of Real EstateMarcia Waters Director

John W. Hickenlooper Governor

> Barbara J. Kelley Executive Director

Department of Regulatory Agencies Division of Real Estate Board of Mortgage Loan Originators Position Statement

MB 1.7 –FINANCIAL RESPONSIBILITY REQUIREMENT

Section 1. Scope and Purpose

Section 2. Applicability

Section 3. Position Statement

Section 4. Issuance Date

Section 1. Scope and Purpose

In July of 2008, the Housing and Economic Recovery Act of 2008 was signed into law. Title V of the Economic Recovery Act of 2008 is the S.A.F.E. Mortgage Licensing Act. The S.A.F.E. Mortgage Licensing Act defines minimum national licensing standards for mortgage loan originators and requires states to adopt such provisions. The S.A.F.E. Mortgage Licensing Act requires that applicants for state-licensed loan originator licenses demonstrate financial responsibility, character and general fitness such as to command the confidence of the community and to warrant a determination that the mortgage loan originators will operate honestly, fairly and efficiently. Accordingly, the Colorado General Assembly passed House Bill 09-1085 in May of 2009. This bill was signed into law by Governor Bill Ritter Jr. on May 21, 2009. House Bill 09-1085 became effective on August 5, 2009. The Board of Mortgage Loan Originators ("Board") has received many inquiries from loan originators regarding the financial responsibility requirement. The purpose of this position statement is to create a presumption of compliance regarding the financial responsibility requirement for individuals licensed as state-licensed loan originators.

Section 2. Applicability

This position statement concerns all individuals required to be licensed as state-licensed loan originators.

Section 3. Position Statement – MB 1.7 – Financial Responsibility Requirement

The Board's position on this matter is there is a presumption of compliance with the financial responsibility requirement in section 12-61-905(1)(j), C.R.S. for individuals



required to be licensed as state-licensed loan originators who have complied with the errors and omissions insurance requirements defined in section 12-61-903.5, C.R.S. and any Director rule that directly or indirectly addresses errors and omissions insurance requirements and who have complied with the surety bond requirements defined in sections 12-61-903(6) and 12-61-907, C.R.S. and any Board rule that directly or indirectly addresses surety bond requirements.

Section 4. Issuance Date

The Director of the Division of Real Estate issues this position statement August 5, 2009.

The Board of Mortgage Loan Originator revised this position statement on March 16, 2011.